

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 STR-04 AGRE-00 CIAE-00
COME-00 INR-07 LAB-04 NSAE-00 EPG-02 SP-02
TRSE-00 FRB-01 OMB-01 ARA-14 AF-10 EA-09 IO-14
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R 221725Z JUL 77
FM SECSTATE WASHDC
TO AMEMBASSY LONDON

UNCLAS STATE 171723

E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: TESTIMONY OF STR STRAUSS BEFORE HOUSE COMMITTEE
ON BANKING, FINANCE AND URBAN AFFAIRS

TO LONDON FOR KATZ

THE FOLLOWING IS THE PORTION OF AMBASSADOR STRAUSS'S
PREPARED TESTIMONY ON SUGAR AS PRESENTED ON JULY 20, 1977.

BEGIN TEXT: LET ME TURN NOW TO TEXTILES AND SUGAR. THE
TEXTILE MFA IS ALL THAT STANDS BETWEEN US AND INTERNATIONAL

MARKETING CHAOS. UNDER ITS UMBRELLA FAIR GROWTH IN IMPORT
RATES IS PROVIDED, WHILE STILL PRESERVING DOMESTIC TEXTILE
PRODUCTION WHICH IS BASIC TO OUR ECONOMY, AND WHICH
PROVIDES AN ESTIMATED 3000,000 JOBS, INCLUDING MORE
MINORITY GROUP EMPLOYMENT THAN ANY OTHER INDUSTRY.

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THE PROPOSED INTERNATIONAL SUGAR AGREEMENT WE ARE SEEKING
IS NOT, STRICTLY SPEAKING AN ORDERLY MARKETING AGREEMENT.
IT WOULD, HOWEVER, PROVIDE FOR BUFFER STOCKS, AND A
PROGRAM OF STOCKING AND DISPOSAL WHICH WOULD KNOCK THE
DISASTROUS PEAKS AND VALLEYS OFF A TRADITIONALLY GIDDY
PRICE VARIATION, WHILE MAINTAINING THE AVERAGE WORLD
PRICE AT MODERATE LEVELS, EXTREME PRICE FLUCTUATIONS DO

NOT IN THE LONG RUN BENEFIT CONSUMERS, BECAUSE THEY DISRUPT ECONOMIC PRODUCTION AND FEED ON MARKET OVER-RE-ACTIONS. EVEN WHEN COMMODITY PRICES FALL, AS THEY HAVE SO STEEPLY FOR SUGAR RECENTLY, THE CONSUMER HARDLY EVER GETS THE BENEFIT AT RETAIL. FOR THAT REASON, WE ARE WILLING TO CONSIDER THE POSSIBILITY OF NEW INTERNATIONAL COMMODITY AGREEMENTS FOR SUCH PRODUCTS AS GRAINS, COFFEE AND PERHAPS OTHER COMMODITIES, WHICH WOULD INCLUDE CONSUMER AS WELL AS PRODUCER COUNTRIES) AND WHICH WOULD BE AIMED AT HOLDING PRICES DOWN, AS WELL AS AT BALANCING SUPPLY AND DEMAND.

THE PRESIDENT'S DECISION TO IMPLEMENT AN INCOME SUPPORT PROGRAM FOR SUGAR PRODUCERS AS AN INTERIM MEASURE PENDING COMPLETION OF NEGOTIATIONS FOR AN ISA IS THE MOST COST-EFFECTIVE MEANS OF ASSISTING DOMESTIC SUGAR PRODUCERS. FOR EVERY ONE CENT INCREASE IN SUGAR PRICES BY MEANS OF IMPORT RESTRICTIONS, SUCH AS THE 4,247,500 TON ANNUAL QUOTA RECOMMENDED BY THE USITC, CONSUMER COSTS FOR SUGAR AND SUBSTITUTE SWEETENERS WOULD INCREASE BY \$295 MILLION.

BY COMPARISON, THE PRESIDENT'S PROGRAM IS MUCH LESS COSTLY. THE INCOME SUPPORT ASPECT OF THE PROGRAM WOULD ENTAIL OUTLAYS FROM THE U.S. TREASURY OF ABOUT \$120 MILLION FOR EVERY ONE CENT OF INCOME SUPPORT. THE INCOME BENEFIT OF THIS PROGRAM WOULD ACCRUE DIRECTLY TO PRODUCERS.

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MOREOVER, THE TYPE OF ISA THE ADMINISTRATION ENVISIONS WOULD NOT RESULT IN HIGHER CONSUMER PRICES FOR SUGAR. OUR INTENTION IS TO NEGOTIATE AN AGREEMENT WHICH WOULD MODERATE EXTREME PRICE FLUCTIATIONS AROUND THE LONG-TERM TREND. THUS, IT WOULD RESULT IN AVERAGE CONSUMER PRICES NO HIGHER THAN THOSE THAT WOULD EXIST IN THE ABSENCE OF AN AGREEMENT. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Current Classification: UNCLASSIFIED
Concepts: SUGAR, AGREEMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 22-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE171723
Document Source: CORE
Document Unique ID: 00
Drafter: PPPILKAUSKAS:CB
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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Film Number: D770262-1243
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770728/aaaaaxoq.tel
Line Count: 100
Litigation Code IDs:
Litigation Codes:
Litigation History:
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